

Approved For Release 2009/12/11 : CIA-RDP88B00443R000201100005-6
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New York Times/Leahy article(s) you requested
on Saturday.

Debbie, 21 October

ARTICLE APPEARED
ON PAGE 1 A

OFFICIALS SAY C.I.A. DID NOT TELL F.B.I. OF SPY CASE MOVES

The following article is based on reporting by Stephen Engelberg and Joel Brinkley and was written by Mr. Brinkley.

Special to The New York Times

WASHINGTON, Oct. 10 — The Central Intelligence Agency failed to notify the Federal Bureau of Investigation after it learned more than a year ago that Edward L. Howard was considering becoming a Soviet spy, Government officials said today.

According to court records, Mr. Howard told two agency employees in September 1984 that he was thinking of disclosing classified information to the Soviet Union.

Soviet Defector Was the Key

The bureau has sole responsibility for domestic espionage investigations and, under Federal law, the intelligence agency and all other Government agencies are supposed to report suspected espionage to the F.B.I. It is illegal for the C.I.A. or any other Federal agency to carry out surveillance or other actions within the United States to stop potential spies.

Mr. Howard, 33 years old, a former intelligence agency officer who is now a fugitive, has been charged with espionage, accused of giving Soviet officials details of American intelligence operations in Moscow. Federal officials have called the disclosures serious and damaging.

'Bad Mistake,' Senator Says

Federal officials said the C.I.A. told the F.B.I. nothing about Mr. Howard until after the bureau began an investigation this fall based on information from a Soviet defector, Vitaly Yurchenko, who had been a senior official of the K.G.B., the Soviet intelligence agency.

The bureau began surveillance of Mr. Howard last month, but he slipped out of his home at night and is believed to have fled the country.

Senator Patrick J. Leahy, the Vermont Democrat who is vice chairman of the Select Committee on Intelligence, said today: "If the C.I.A. did not give the F.B.I. adequate information about this person, that's a bad mistake. It shows very, very serious problems within the C.I.A."

NEW YORK TIMES
11 October 1985

In the last few weeks the C.I.A. transferred the chief of its office of security, William Kotopish, to a new job at a level of equivalent seniority, but an official said the move had been planned "for some time" and was not related to the Howard case.

Mr. Howard worked for the agency from 1981 to 1983. He was told of classified American intelligence operations in Moscow because the agency was planning to assign him there, officials have said.

According to a criminal complaint on file in Federal District Court in Albuquerque, N.M., Mr. Howard told two current employees of the intelligence agency a year ago last month that he had "spent hours in the vicinity of the Soviet Embassy trying to decide whether to enter the embassy and disclose classified information."

An F.B.I. affidavit says the conversation was held Sept. 24, 1984. Four days before that, the Government contends, Mr. Howard gave his information to Soviet officials in St. Anton, Austria.

George Lauder, a C.I.A. spokesman, said today that as a result of that conversation "action was taken" within the agency "and it seemed to be reasonable action at the time." He would not say what the action was, although an official said the agency kept in contact with Mr. Howard after his conversation with the two C.I.A. operatives. Mr. Howard lived in New Mexico at the time.

'A Few Blatant Cases'

The Senate and House intelligence committees are investigating the handling of the Howard case. A key issue in the study, committee members said, will be how the C.I.A. and other agencies deal with employees who leave Government service with detailed, classified knowledge about sensitive programs.

Another element of the investigation will be several recent espionage cases in which Government officials failed to heed warning signs that a current or former employee was planning to spy or was spying, committee members said.

"We've had a few blatant cases where we just didn't follow through, even with alarm bells going off," said Representative Dave McCurdy, Democrat of Oklahoma, chairman of the House committee's Subcommittee on Oversight and Evaluation.

In the Howard case, a senior F.B.I. official said Mr. Howard's conversation with the two C.I.A. officers would have been sufficient to warrant an investigation.

"Anytime we get information that someone has considered such an act, we would take some action," said Phillip A. Parker, deputy assistant director of the bureau's intelligence division.

An intelligence official said the C.I.A.'s decision to handle the matter internally rather than report it to the F.B.I. was "a judgment call," adding, "If you reported every fantasy that people have, you'd have everyone under surveillance."

Law Bars C.I.A. Moves in U.S.

The C.I.A. would not say whether it undertook any form of inquiry after Mr. Howard told the two C.I.A. employees he had considered becoming a Soviet spy. But Federal law and a Presidential executive order prohibit the agency from taking any steps inside the United States to investigate possible cases of espionage.

Mr. Howard was one of tens of thousands of people who retire from Government or industry each year after holding positions that gave them access to classified materials. More than 4.3 million people in government and industry associated with government now have clearances to use classified information.

Asked what procedures the Central Intelligence Agency uses to monitor former employees who have knowledge of classified programs, Mr. Lauder, the agency spokesman, said: "We haven't got any procedures. Once a person leaves here, he is John Q. Citizen, just like you and me. We don't keep a string on them. It's strictly an F.B.I. matter."

Dave Durenberger, the Minnesota Republican who is chairman of the Senate Intelligence Committee, said his panel would also examine the problem presented by military officers who retire with knowledge of classified materials.

Most people with security clearances work for the Pentagon. At the Defense Department, L. Britt Snider, director of counterintelligence and security policy, said: "We don't have any jurisdiction of any kind over former employees, whether or not they had clearances. It's strictly the F.B.I."

At the F.B.I., Mr. Parker said, "We are not concerned about Americans who have had clearances. We don't look at these people unless we detect an individual involved in espionage."

Ex-Intelligence Chief's Moves

Senator Leahy said: "I don't think anyone expects the F.B.I. to maintain surveillance on the several hundred thousand people who leave the Government each year with security clearances. But there are a certain number of people in extremely sensitive positions, a handful of them, that we ought to do more with."

Mr. Leahy said Mr. Howard "certainly would have been one of those" because he held highly sensitive information and was being dismissed following a polygraph examination that indicated drug use and petty thievery, according to Federal officials.

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When Adm. Stansfield M. Turner was Director of Central Intelligence in the Carter Administration, he dismissed, transferred or forced to retire nearly 200 C.I.A. officers who held highly sensitive positions.

In an interview this week, he said that others in the agency had warned him that "we ran the risk of some of them selling their information to the other side." He said he had disagreed when it was suggested that some should be given other jobs, and proceeded with his original plans.

But he said of Mr. Howard: "I don't think my rule should be totally rigid. If this guy had just been briefed, I'd say let's stick him in the Dominican Republic or someplace like that for a couple of years, until the information isn't valuable anymore."

Senator Leahy said: "We may need some sort of turkey farm for some of these former employees. Make them translate cables or something like that for a couple of years."

Admiral Turner said he thought C.I.A. officers ought to be required to agree when they are hired that "for three years or so after they leave, they will be subject to the same rules of intrusion as applied when they were in government. Make them come back for random polygraph examinations. That would give them one more thing to worry about before they turn."

A C.I.A. official said "it's conceivable" that that idea would work, adding that finding solutions to the problem "is certainly something we're thinking about now."

NEW YORK TIMES
8 October 1985

ARTICLE APPEARED
ON PAGE A12

Spy Charge Spurs Questions About Procedures of C.I.A.

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, Oct. 7 — Members of the Senate and House intelligence committees say espionage allegations against a former Central Intelligence Agency officer raise serious questions about the agency's procedures for dealing with disgruntled employees.

The legislators say their committees are conducting a detailed examination of the career of Edward L. Howard, a former officer of the agency who, according to Administration officials, was identified by a defector as having sold the Soviet Union highly secret information.

Mr. Howard was forced to resign from the C.I.A. in 1983; the agency was dissatisfied with his answers in a polygraph, or lie detector, examination that was apparently unrelated to espionage charges. Officials have said they suspect it was a desire for revenge that led Mr. Howard, who is believed to have fled the country, to provide secrets to the Soviet Union.

"The C.I.A. has good security procedures but they're not perfect and they're going to have to get better," Senator Patrick J. Leahy, the Vermont Democrat who is the vice chairman of the Senate Select Committee on Intelligence, said in an interview. "They're going to have to figure out what to do with a disgruntled or potentially disgruntled employee who has a lot of knowledge because that's where a lot of breaches have occurred in the past."

C.I.A. Briefs Committees

Representative Dave McCurdy of Oklahoma, the chairman of the Subcommittee on Oversight and Evaluation of the House Intelligence Committee, said: "I think there are a lot of questions yet to be answered. I'm not sure anyone's comfortable with what we've seen so far."

In an interview today, Mr. McCurdy would not discuss the specifics of the Howard case but said that he and some other members of the committee had been briefed by the C.I.A. Members of the Senate committee have had similar briefings by the agency.

According to members of the two committees and their aides, the panels are concerned about a broad range of issues stemming from the agency's handling of Mr. Howard, who was within the C.I.A.'s three-year probation period when he was asked to resign.

Questions Raised With C.I.A.

Among the questions the two committees are raising with the agency are these:

• Why was Mr. Howard, a junior official, given access to such sensitive material at an early stage in his career?

• Why did the agency choose to dismiss him while the information he had learned in training for a posting to Moscow was still of value?

• What steps were taken to keep track of Mr. Howard's movements after he left the C.I.A., both in this country and abroad, where the Federal Bureau of Investigation has charged that he met with Soviet intelligence agents?

• Was there sufficient coordination between the C.I.A. and the F.B.I., the other major Federal agency responsible for counterintelligence work?

Administration officials say Mr. Howard was identified as an agent of the Soviet Union by Vitaly Yurchenko, a senior official in the K.G.B., the Soviet intelligence agency. He defected to the West in July. Mr. Yurchenko, the officials have said, is undergoing extensive questioning at an undisclosed location in the United States:

- Trip to Austria in '84

Mr. Howard, who is now 33 years old, was employed by the Central Intelligence Agency from January 1981 to June 1983, according to an F.B.I. affidavit filed in Federal District Court in New Mexico. The document charged that he traveled to Austria in 1984 where he made contact with agent of the K.G.B. and was paid money for "classified information relating to U.S. intelligence sources and methods."

Intelligence sources say that the information involved related to American operations in Moscow. They have said Mr. Howard was trained for a post in Russia that would have involved managing agents or other means of intelligence collection.

Intelligence sources say, however, that he was not sent to Moscow and was instead asked to leave the agency after the polygraph test suggested use of illegal drugs and petty theft of Government funds.

Mr. Howard, who had been working for the New Mexico Legislature, disappeared last month after the F.B.I. questioned him. He is being sought on a